



Australian Sovereign Capability Alliance



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## MEDIA RELEASE

### COVID exposed Australia's industrial weakness

Australia's capacity to manufacture essential goods is the lowest in the developed world, a new report shows.

The [report](#) into Australia's sovereign capability, shows how the arrival of COVID-19 exposed manufacture and supply problems caused by almost thirty years of deindustrialisation.

Written and researched by the Australian Industrial Transformation Institute (AITI), and commissioned by the new Australian Sovereign Capability Alliance (ASCA), the report confirms concerns highlighted by the pandemic and tensions with China.

It shows that Australia is unable to independently meet its own essential needs in health, energy, and infrastructure, defence and space, science, communications and technology and advanced manufacturing.

"It started with mask and sanitizer shortages, inability to manufacture vaccines and then question marks over storage of QR code data," The Alliance's director and spokesman Martin Hamilton-Smith said.

"The research we requested reveals an Australia which is too reliant on non-value-added raw material and food exports; is the lowest producer of manufactured goods it consumes and the most dependent on imports in the OECD.

"Australia in 2021 lacks economic complexity with declining education and digital competitiveness, withering manufacturing employment and inadequate investment in science and research and development."

The Australian Sovereign Capability Alliance has called for a dedicated minister, better organisation and a plan of action to reverse the damage to Australia's capacity to care for its citizens in times of global crisis.

*(A proposed plan from ASCA and key quotes from the AITI report follows)*

Contact Martin Hamilton-Smith



Report download [here](#)

## **THE ASCA PLAN**

### **Quotes from Director ASCA Martin Hamilton-Smith**

*ASCA calls on the national government to appoint a minister for Australian sovereign capability supported by a dedicated agency, to establish arrangements to measure, monitor and report publicly on action."*

*"A dedicated cabinet committee for sovereign capability would bring together the relevant ministers"*

*"A President Biden style (Executive Order 14017) 100-day top-down review of Australia's sectoral supply chain resilience, capability and stability must be underpinned by the nomination of key areas for independent sovereign capability," ASCA Director Martin Hamilton-Smith says.*

*"ASCA has provided this initial research to the prime minister, the leader of the opposition, State premiers and opposition leaders, and selected parliamentary committees and will seek further industry funding to commence sectoral industry supply chain research into five key industry sectors to stimulate public debate and to encourage government action.*

*"The Coalition government's \$1.5bn 'Modern Manufacturing Strategy', the alternative Labor governments proposed \$15bn 'National Reconstruction Fund', and the \$800m pa of Australian Research Council grants need to be synchronised with federal and state government regulatory and purchasing powers, to ensure that Australian Sovereign Capability becomes the centrepiece which drives the next wave of national economic and industrial reform, based around a 'team Australia' approach, Mr Hamilton-Smith says.*

*"We are precariously dependent on foreign governments and overseas multinational corporations to meet our essential national needs, leaving the economy and the nation dangerously exposed to economic disruption and strategic attack."*

*"The research reveals there are not even nationally agreed definitions for the terms 'Australian work', 'Australian industry capability', 'Australian industry content' or 'Australian sovereign capability'. There is no common use of terms within government or industry and no agreed national plan of action."*

*"COVID-19 exposed our weaknesses; Australian governments must act to return sovereign capability to the key areas of health, energy, security and manufacturing."*

**Key Report Quotes**  
**‘Australian Sovereign Capability and Supply Chain Resilience’**  
**By AITI**

<https://www.martinhamilton-smith.com.au/australian-sovereign-capability-alliance/academic-reports/>

On policy: “To make the case for sovereign capability is to make the case for industrial policy”. (iv) “Sovereign capability must become a robust national policy objective beyond its current confines in Defence (where the original aims themselves are being diluted)” p68.

On leadership: “The Australian Government is yet to commit to the development of a comprehensive national strategy based on a robust assessment of our strengths and vulnerabilities. By contrast .... (to the US Biden Administration) .... the response has been subscale and piecemeal.” (iv)

Government intervention: “Levels of domestic supply of critical inputs, including a degree of redundancy, will need to be maintained and enforced; gas, oil and petroleum, pharmaceuticals, etc.” “In some cases, particularly energy it may be necessary for govt ownership to be resumed in certain parts of the network” (viii)

National Goals: ...” Australia must adopt, .... national goals and strategies in relation to energy self-sufficiency, as well as self-sufficiency in basic metals such as steel and aluminium, explicit secondary processing and value adding strategies....and a comprehensive national manufacturing strategy.” (vii)

Uncertain Definitions: “...definitions and measurements pertinent to sovereign capability and industrial participation in major projects are extremely minimalist and loose..... there is little consistency in the definitions of ‘Australian work’(content) or ‘Australian industry’. Nowhere are minimum levels of Australian content mandated...”. (v)

Health: “In pharmaceuticals Australia has lost productive capability”. (vi)

Resources: “Australia has largely regressed to be an exporter of unprocessed raw materials for offshore value adding alongside minimum import reliance for upstream plant, equipment and technology...” (vi)

Science, communications and technology: “...operational capabilities are on the whole low to moderate, within industrial capability low. Research capabilities are high, but they exist in a national policy vacuum and a weak industrial eco system. They seldom go beyond early-stage commercialisation and do not involve production.” (vi)

Advanced Manufacturing: “low productive capabilities also translate to low operational capabilities and low self-sufficiency frequently resulting in inability to

*make goods of strategic importance in the event of a major supply chain disruption”.*  
(vi)

*The Risks of Failure and Ongoing Decline:* *“Australia’s manufacturing GDP share is below 6% having declined almost continuously since 1995.... (and) ...has the lowest level of manufacturing self-sufficiency in the OECD.” (p6)*